

Australia's exports to the PRC: take away iron ore and what's left?

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Iron ore has long been a dominant component of Australia's exports to the People's Republic of China (PRC). This means that even relatively small changes in the world price of iron ore can have a significant impact on the total value of Australia's exports to the PRC. This fact sheet removes iron ore from the equation to more clearly see how other components of Australia's exports to the PRC are evolving.

1. In 2019, iron ores and concentrates comprised 47 percent of total Australian exports to the PRC.¹ In terms of the leading export to Australia's next top four trading partners, this compared to:
 - Japan, natural gas, 33 percent of total;
 - South Korea, coal, 25 percent of total;
 - US, beef, 9 percent of total; and
 - India, coal, 48 percent of total.
2. In 2019, excluding iron ore and concentrates, Australia's top exports to the PRC by value were:²
 - Natural gas, \$16.1 billion;
 - Coal, \$13.7 billion;
 - Education services, \$12.7 billion; and
 - Travel services (excluding education), \$4.8 billion.
3. In 2019, the total value of exports to the PRC excluding iron ore and concentrates was \$89.5 billion. This is a \$41.7 billion increase compared to 2015, or a compound annual growth rate (CAGR) of 17.0 percent. Excluding the top export, the total value of exports to the next top four trading partners is:³
 - Japan total \$40.4 billion, + \$9.7 billion, CAGR 7.1 percent;
 - South Korea total \$21.1 billion, + \$6.0 billion, CAGR 8.8 percent;
 - US total \$23.2 billion, + \$4.2 billion, CAGR 5.1 percent; and
 - India total \$11.2 billion, + \$2.6 billion, CAGR 6.8 percent.
4. After excluding iron ores and concentrates, Australia still experienced growth in exports to the PRC across all industry sectors. Compared to 2015:⁴
 - Agriculture, forestry and fisheries exports increased by \$5.8 billion, CAGR 11.3 percent;
 - Minerals and fuels exports increased by \$24.9 billion, CAGR 28.9 percent;
 - Manufacturers exports increased by \$1.0 billion, CAGR 5.0 percent; and

1 Australian Government Department of Foreign Affairs and Trade, 'Country and commodity pivot table 2005-06 to 2019-20', October 2020 <<https://www.dfat.gov.au/about-us/publications/trade-statistical-pivot-tables>>; Australian Government Department of Foreign Affairs and Trade, 'Australia's direction of goods and services trade - calendar years from 1987 to present', October 2020 <<https://www.dfat.gov.au/trade/resources/trade-statistics/Pages/trade-time-series-data>>.

2 Ibid; Australian Bureau of Statistics, 'International Trade: Supplementary Information, Calendar Year', August 27 2020 <<https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-calendar-year/latest-release>>.

3 Australian Government Department of Foreign Affairs and Trade, 'Country and commodity pivot table 2005-06 to 2019-20', October 2020 <<https://www.dfat.gov.au/about-us/publications/trade-statistical-pivot-tables>>; Australian Government Department of Foreign Affairs and Trade, 'Australia's direction of goods and services trade - calendar years from 1987 to present', October 2020 <<https://www.dfat.gov.au/trade/resources/trade-statistics/Pages/trade-time-series-data>>.

4 Australian Government Department of Foreign Affairs and Trade, 'Country and commodity pivot table 2005-06 to 2019-20', October 2020 <<https://www.dfat.gov.au/about-us/publications/trade-statistical-pivot-tables>>; Australian Government Department of Foreign Affairs and Trade, 'Australia's direction of goods and services trade - calendar years from 1987 to present', October 2020 <<https://www.dfat.gov.au/trade/resources/trade-statistics/Pages/trade-time-series-data>>.

- Services exports increased by \$8.3 billion, CAGR 15.1 percent.
5. The COVID-19 economic shock and the spill over of bilateral political tensions to the trade relationship has had a differential impact on iron ore and non-iron ore exports. In the first eight months of 2020, the total value of Australia's goods exports to the PRC fell by 2.3 percent, compared to the same period in the previous year. However, the value of iron ore and concentrate exports have increased 10.8 percent, while non-iron ore goods exports are down 17.0 percent.⁵ Australia's total goods exports to Japan, South Korea and India have fallen by 21.2 percent, 9.7 percent and 39.3 percent, respectively. Those to the US have increased by 47.5 percent.
 6. At a sectoral level and after excluding iron ore, Australia's good exports to the PRC for the first eight months of 2020 compared to 2019 have all fallen:⁶
 - Agriculture, forestry and fisheries are down by 7.3 percent, (- \$2.4 billion);
 - Minerals and fuels are down by 20.6 percent, (- \$21.9 billion); and
 - Manufacturers are down by 10.8 percent, (- \$3.8 billion).

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⁵ Australian Government Department of Foreign Affairs and Trade, 'Country and commodity pivot table, monthly Jul-2018 to Aug-2020', October 2020 <<https://www.dfat.gov.au/about-us/publications/trade-statistical-pivot-tables>>.

⁶ Ibid.